

Conversion Of Cash Complimentary Into Electronic Credits

Accounting And Internal Controls

Temporary Amendments: N.J.A.C. 19:45-1.9B and 1.37A

Authority: N.J.S.A. 5:12-63, 69, 70, 99 and 100

The temporary rules follow:

Summary

Casino licensees are presently permitted to issue a cash complimentary in the form of electronic credits pursuant to N.J.A.C. 19:45-1.9(f) [table game or slot machine complimentary incentive program], 19:45-1.9(h) [direct mass marketing complimentary program], N.J.A.C. 19:45-1.9(i) [occurrence of a predesignated event that may occur in the normal conduct of an authorized game or casino simulcasting, or a random selection from among patrons who are playing an authorized game or making a simulcast wager], and 19:45-1.46 [complimentary distribution programs in which complimentary services or items are provided directly or indirectly by a casino licensee to the public without regard to the identity or level of gaming activity of the individual recipients].

The temporary amendments also permit a cash complimentary to be credited to an electronic transfer credit account of a patron, in the form of electronic credits, for a complimentary issued to a patron pursuant to N.J.A.C. 19:45-1.9B [which includes public relations payments, travel or walk money, cash complementaries issued to patrons as a result of actual gaming activity, and cash complementaries issued to participants in complimentary programs for invited guests regulated by N.J.A.C. 19:45-1.9(g)]. See temporary N.J.A.C. 19:45-1.9B(a), (h)4 and N.J.A.C. 19:45-1.37A(a).

In order to utilize such complimentary electronic credits, a casino licensee must establish approved internal controls that address certain requirements. The electronic transfer credit system must be capable of identifying the electronic credits in question as a complimentary cash

gift, and the individual responsible for authorizing the complimentary cash gift must have no ability to modify or otherwise adjust a patron's electronic transfer credit system account balance (the system itself must be responsible for the placement of the complimentary cash value into the patron's account). See temporary N.J.A.C. 19:45-1.9B(i)3i and ii. Additionally, a record must be maintained of all complimentary cash gifts issued pursuant to this section. On a daily basis, this record must be reviewed by a supervisor and a copy of the record forwarded to casino accounting for reconciliation to an electronic transfer credit system report that identifies all complimentary cash gifts credited to any patron accounts. See temporary N.J.A.C. 19:45-1.9B(i)3iii and N.J.A.C. 19:45-1.37A(b)16.

Full text of the temporary adoption follows (additions indicated in boldface **thus**; deletions indicated in boldface brackets [thus]):

19:45-1.9B Procedures for complimentary cash and noncash gifts

(a) No casino licensee shall offer or provide, either directly or indirectly, any complimentary cash or noncash gift to any person or his or her guests except in accordance with the provisions of N.J.S.A. 5:12-102m and this section. For the purposes of this section, "complimentary cash or noncash gift" does not refer to any complimentary service or item which is provided pursuant to N.J.S.A. 5:12-102m(1) through (3), N.J.A.C. 19:45-1.9(f), 19:45-1.9(h) or 19:45-1.46. Complimentary cash gifts shall include, without limitation:

1. - 6. (No change.)
7. Progressive wager coupons; [and]
8. Coupons for slot credits issued pursuant to N.J.A.C.

19:45-1.46(a); **and**

9. Electronic credits issued directly to the electronic transfer credit account of a patron pursuant to N.J.A.C. 19:45-1.37A.

(b) – (g) (No change.)

(h) Notwithstanding any other provision of this section, a casino licensee which intends to provide a complimentary cash gift to a patron in accordance with the requirements of N.J.S.A. 5:12-102m and this chapter may, upon receipt of a written request from the patron and in accordance with internal controls approved by the Commission, credit the cash complimentary directly to:

1. (No change.)

2. The payment of any returned checks issued by the patron and held by that casino licensee in accordance with the provisions of N.J.A.C. 19:45-1.29; [or]

3. The establishment or enhancement of a cash deposit held for the benefit of the patron in accordance with the provisions of N.J.A.C. 19:45-1.24; **or**

4. Except for travel or walk money issued pursuant to N.J.A.C. 19:45-1.9B(a)2, an electronic transfer credit account established for the patron in accordance with the provisions of N.J.A.C. 19:45-1.37A(f).

(i) The written request required pursuant to (h) above shall be attached to documentation of the cash complimentary gift maintained by the casino licensee pursuant to its approved internal controls.

1. - 2. (No change.)

3. Prior to crediting a complimentary cash gift in the form of electronic credits directly to the account of a patron, the internal controls shall address, at a minimum, the following requirements:

i. The electronic transfer credit system shall be capable of identifying the electronic credits as a complimentary cash gift pursuant to N.J.A.C. 19:45-1.9B;

ii. The individual responsible for authorizing the complimentary cash gift pursuant to the requirements of this

section shall have no ability to modify or otherwise adjust a patron's electronic transfer credit system account balance, and the system itself shall be responsible for the placement of the complimentary cash value into the patron's account; and

iii. A record shall be maintained of all complimentary cash gifts issued pursuant to this section. On a daily basis, this record shall be reviewed by a supervisor and a copy of the record shall be forwarded to casino accounting for reconciliation to an electronic transfer credit system report that identifies all complimentary cash gifts credited to any patron accounts.

19:45-1.37A Electronic transfer credit systems

(a) A casino licensee may operate an electronic transfer credit system which permits a patron to convert **into electronic credits any** cash complimentaries accumulated by the patron pursuant to 19:45-1.9(f) [or], received by the patron pursuant to N.J.A.C. 19:45-1.9(g) through (i) **and N.J.A.C. 19:45-1.9B**, or distributed to the public pursuant to N.J.A.C. 19:45-1.46 [into electronic credits], and to have those **electronic** credits transferred directly to a slot machine.

1. – 2. No change.

(b) All aspects of an electronic transfer credit system, including all hardware and software utilized therein, shall be subject to testing by the Division and approval by the Commission prior to the implementation of the system by the casino licensee. The internal control procedures submitted by the casino licensee shall provide for the integrity, security and control of its electronic transfer credit system and shall, without limitation, address the following:

1. – 13. No change.

14. If applicable, the manner in which temporary anonymous accounts shall be established and terminated or converted to permanent accounts, how electronic credits shall be issued and credited to such

accounts, and how transfers of electronic credits from such accounts shall be recorded and reconciled with the complimentary distribution program from which they were issued; [and]

15. If applicable, the manner in which temporary electronic credits shall be issued, how temporary electronic credits shall be activated, transferred, converted or terminated, and how transfers and conversions of electronic credits from such accounts shall be recorded and reconciled with the complimentary distribution program from which they were issued; **and**

16. If applicable, the manner in which complimentary cash gifts pursuant to N.J.A.C. 19:45-1.9B shall be authorized, converted and activated, and the manner in which transfers and conversions of electronic credits from such accounts shall be recorded and reconciled with the complimentary cash paperwork from which they were authorized.

(c) – (n) No change.